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THE BONN PUTS TARIFF ON COAL IMPORTS

New Levy Expected to Cut
U. S. Shipments by About
9,000,000 Tons in '59

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BONN, Germany, Jan. 23 — West Germany put a tariff of nearly \$5 a ton on imported coal today.

The purpose of the emergency measure was to cut off scheduled imports of about 9,000,000 tons from the United States in 1959. This would mean a loss of about \$75,000,000 in sales for United States producers.

Dr. Ludwig Erhard, Minister of the Economy, said the Cabinet had approved the protective tariff to rescue the Ruhr coal industry from its year-old doldrums. Parliament is expected to vote approval next week.

A pile of unsold coal exceeding 13,000,000 tons has risen at the Ruhr pitheads since last winter. A series of limited relief measures, beginning with an embargo on new coal import licenses last September failed to stimulate the industry.

Miners Plan Protest

Thousands of Ruhr miners have been working on short shifts since last spring and labor unrest has been mounting. A miners' protest march is scheduled in Bochum Sunday. The impact of the tariff—West Germany's first resort to an outright protectionist policy to support a weak industry—will be slightly eased by a system of custom-free quotas.

Dr. Erhard announced at a special news conference that 50 per cent of the annual average of shipments from supplying countries between 1950 and 1958 would be admitted to West Germany without duty.

This means that 4,250,000 tons of coal will be admitted without duty in 1959. The share of United States suppliers, West Germany's major source of foreign coal, will be 3,500,000.

Consumers Pay \$16 a Ton

United States coal, delivered at about half the cost of Ruhr coal, now is being delivered to West German consumers at about \$16 a ton. This is at or below the price of domestic coal.

The new duty of 20 Deutsche marks (\$4.76) a ton will drive the delivered price of United States coal up to about \$20. Rather than stand the higher price the consumers can be expected to cancel contracts, paying a cancellation fee of about \$1.25 a ton.

The duty will be in force at least until the end of 1959. While the tariff will go into effect Feb. 14 Dr. Erhard said all imports since Jan. 1 would be charged against the supplying country's duty-free quota.

Thus United States shipments are likely to cease about April 1.

Dr. Erhard emphasized that he regarded the tariff as a temporary measure to be abandoned as quickly as possible. He told reporters the action did not contradict the principles of free trade because other coal-producing countries were applying similar protective measures.

The tariff protection for West German coal will be supplemented by a cartel agreement, already approved by the Bonn Government, whereby the share of heavy fuel oil in the domestic energy market will be frozen for a two-year period. One of the German coal industry's problems has been increasing competition from fuel oil.

U. S. Exporters Disturbed

United States coal exporters are disturbed over the West German tariff. They said they were going to take what steps they could to prevent the proposed duty from going into effect.

German importers have been trying for the past six months to have contracts for United States coal canceled or reduced to 3,000,000 to 4,000,000 tons a year. In this they have met with little success.

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